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ABSTRACT

This annual report tells of educators and administrators in Missouri working through serious economic challenges to achieve the most important goals of higher education: increased economic growth, more educational opportunity, and achievement and improved quality. Data in this report show that public colleges and universities have reduced expenses in many areas. Administrative efficiencies have generated some cost savings, but many institutions increased tuition and fees to compensate for the rapid and continuing falloff in tax collection and state support. These costs may discourage some Missourians from taking advantage of educational opportunities that are key to the state's economic growth. The general fund budget of Missouri is under $7 billion. After making $5 billion in difficult budget cuts, higher education makes up almost half of the remaining $2 billion in discretionary funds. Given the structure of the budget, higher education in Missouri is vulnerable to significant budget cuts. Information in this report is grouped into these categories: (1) "Fiscal Environment"; (2) "Economic Growth"; (3) "Quality"; (4) "Educational Opportunity and Achievement"; (5) "Looking Ahead to a Prosperous Future"; (6) "Funding"; and (7) "Statistics." (Contains 15 graphs and 10 tables.) (SLD)

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Learn Smart

Missouri Department of Higher Education FY 2002 Annual Report

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Higher Education

The Best Investment for Missouri's Future

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Learn Smart

The Department of Higher Education's Mission

To improve educational achievement, enhance educational quality and promote education's economic value throughout Missouri.

Letter from the Commissioner

DEAR MISSOURIANS,

Inspiration, innovation and a commitment to quality, service and opportunity have fostered the establishment of the colleges and universities that have shaped generations of Missouri leaders. Missouri will need all of these qualities to maintain and improve our system of higher education during the challenging economic conditions facing our state and nation.

IN RESPONSE TO LIMITED PUBLIC FUNDING

Public colleges and universities have reduced expenses in many areas. Administrative efficiencies have generated, and will continue to provide, some cost savings. However, many institutions increased tuition and fees to compensate for the rapid and continuing fall-off in tax collections and state support. These cost increases may discourage some Missourians from taking advantage of educational opportunities that are key to Missouri's economic growth.

BRINGING IT TO LIFE

The Department of Higher Education's FY 2002 Annual Report tells of educators and administrators working through serious economic challenges to achieve the most important goals of higher education—increased economic growth, more educational opportunity and achievement and improved quality.

Missourians can be proud of the achievements already made in these areas, but we must remain committed to measuring, reporting and improving our performance in each area.

Missouri's citizens understandably expect a return on their investment in higher education. To earn our citizens' trust and confidence in our leadership, we must make clear the benefits of investing in higher education.

INVESTING IN MISSOURI

Our citizens' investment in higher education is repaid many times over. Missouri employers and new businesses generate jobs as a result of the research, development and technology services of the state's colleges and universities. Individuals who pursue postsecondary education are less likely to be unemployed and more likely to earn more and to vote in local, state and national elections. Most importantly, they receive the type of life-long education and training necessary to excel in the 21st-century economy.

PROVING THE VALUE

Our vision at the Missouri Department of Higher Education is to help Missourians "learn smart" by taking advantage of postsecondary education—and to encourage investments in high-quality higher education. We promise to prove the value of investing in Missouri higher education and to continually strive for an even greater return on that investment—increased economic growth, more educational achievement and higher quality than ever before.

Watch us!

Sincerely,

Quentin C. Wilson
Commissioner

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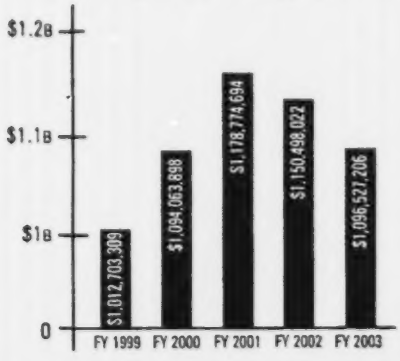
Fiscal Environment

Missouri's general fund budget is annually under $7 billion. After making $3 billion in difficult budget cuts, higher education makes up almost half of the remaining $2 billion in discretionary funds. Given the structure of the budget, higher education is vulnerable to significant budget cuts.

Higher education is budgeted to receive $1,096,527,206 in FY 2003. However, some of that funding may be withheld.

Total Higher Education Appropriations



Over the 10-year period from 1992-2002, Missouri ranked 4th in the growth of state appropriations for higher education. However, the sudden decline in funding that began in FY 2002 has reduced Missouri's rank to 37th in higher education appropriations among all states.

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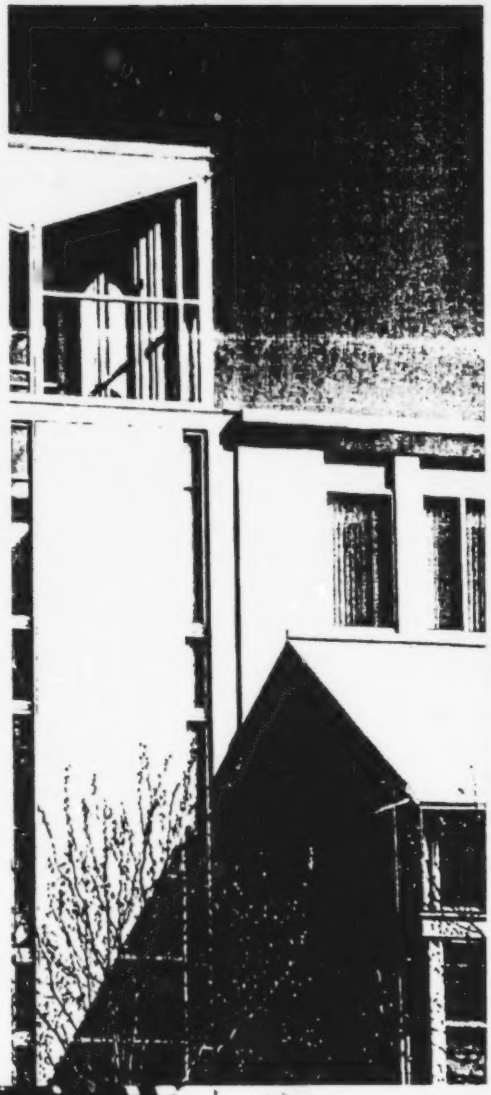
- Funding limitations have motivated Missouri higher education to refocus priorities and find innovative ways to streamline operations, while maintaining the high-quality education students deserve.
  - The University of Missouri System office and the University of Missouri-Columbia are combining information technology services in one central location serving both the system office and the Columbia campus. The merger is expected to save between $3 million and $5 million by the end of FY 2004. Similar combinations of services may be in the University of Missouri's future.
  - Southeast Missouri State University restructured some academic programs and asked some administrators to return to teaching.
  - Southeast Missouri State University also cut back operations and some personnel at its higher education centers in Sikeston, Malden and Kennett, Mo.
- Missouri is participating in a study by the Western Interstate Commission for Higher Education to seek ways to keep down the costs of higher education, especially fees that rise faster than tuition.
- Many of the 44,280 employees in the Missouri higher education system are directly coping with limited funding.
  - Numerous institutions froze hiring, travel and equipment purchases.
  - More than 700 University of Missouri employees—223 of them faculty members—took advantage of the voluntary early retirement program, estimated to save the system millions of dollars.



Many of Missouri's colleges and universities' FY 2001 capital improvement projects, totaling over $131 million, are still on hold.

If Missouri's colleges and universities continue with capital improvement projects, 11 communities could benefit from over $131 million in construction wages and building material purchases.

The progress of Missouri higher education directly contributes to the economic development of the state.

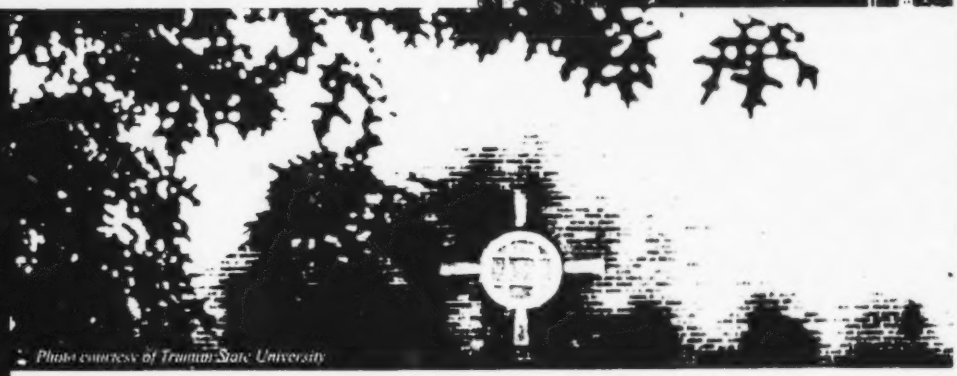


Photo courtesy of Truman State University

Truman State University delayed or cancelled approximately $950,000 in local building contract services.

The University of Missouri-Columbia was able to begin construction on its life sciences building when $1 million of its FY 2001 appropriation was released.

The University of Missouri-Kansas City also received $1.7 million to begin work on its health sciences building, which will allow twice as many nursing students to enroll.

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Economic Growth

Photo courtesy of Missouri Western State College

Photo courtesy of St. Charles Community College

Due to the current state of the economy, Missouri's budget is in financial distress. Missouri higher education can help improve the state's economy and therefore improve its budget situation.

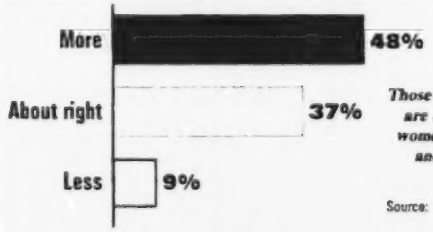
During times of economic downturn, colleges and universities educate greater numbers of students as people return to college due to a poor job market. At the same time, institutions are faced with the decision to increase tuition to compensate for funding limitations and to meet the increased demand of services.

Several colleges and universities increased tuition or fees, while some levied special surcharges to help offset mid-year reductions in state funding. All institutions will likely levy tuition or fee increases in FY 2003.

- **Despite trends in tuition and fee increases, Missouri higher education has seen enrollment increase, educating an additional 40,000 students between fall 1996 and fall 2001.**
  - The head count at Ozarks Technical Community College increased at least 18 percent between 2000 and 2001.
- **According to the College Board, college graduates can expect to make an average of $1 million more than high school graduates over their lifetime. Educating more Missourians will lead to more revenue for the state.**
- **The current 360,000 Missouri higher education students are recognizing that higher education is still a great investment, but are concerned about continued affordability.**

Half Say States Should Spend More on Public Higher Education

Should the state spend more money or less money on public colleges and universities or is the amount spent now about right?

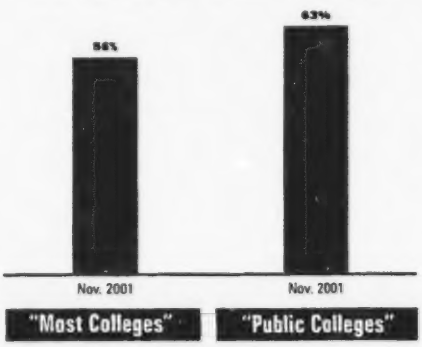


Those who say spend more are disproportionately women, younger people, and people of color

Source: KRC Research & Consulting

The Proportion Who Say Colleges and Universities Try to Keep Tuition Affordable Has Increased Over Time

Do you think colleges try to keep the amount they charge at an affordable level for families like yours, or not?



Source: KRC Research & Consulting

African Americans are significantly more likely than others to think that colleges do not try to keep tuition affordable

Those with at least a 4-year college degree are significantly more confident that colleges try to stay affordable than those who are less-educated.

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Number of Undergraduates Attending Missouri Colleges and Universities, by County

Fall 2001

Higher Education's Contribution

Investment in higher education contributes to the economic growth and quality of our state in a variety of ways.

- State investments produce additional revenues by allowing the state to leverage federal and private funds. For example:
  - Every dollar of state spending on public higher education in Missouri is associated with an additional 57 cents in federal revenues, out-of-state tuition and private gifts.
- State higher education investments also stimulate spending and tax revenues, and spur job growth. For example:
  - An additional $686 million in total spending on goods and services is generated by a spending allocation of $286 million.
  - An investment of $286 million increases employment opportunities through the creation of an estimated 9,295 jobs.
  - With an investment of $286 million, income tax revenues would increase by $11 million and sales tax revenues would increase by $4.7 million.
- Finally, long-term, stable investments in higher education help promote long-term economic growth in Missouri. For example, at the current level of higher education funding, the Gross State Product would increase by an estimated $1.15 billion over 30 years.

Photo courtesy of Linn State Technical College

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According to the August 2001 report of the National Association of State Universities and Land-Grant Colleges, for every $100 a NASULGC spends, its employees, students and visitors collectively spend another $138 of their personal funds.

For every job on a public campus, another 1.6 jobs are generated in the community.

On average, two out of three NASULGC institution graduates remain in-state for a significant period of time after receiving their degrees.

Photo courtesy of Southwest Missouri State University

- Missouri's colleges and universities are major employers in many communities.
  - In September 2001, the Department of Economic Development identified the University of Missouri, Saint Louis University and Washington University among Missouri's top 50 employers—including private businesses.
- Faculty, staff, students and visitors provide revenue to numerous communities throughout the state.
  - Collectively, the state's colleges and universities employ more than 75,000 people who earn over $2.3 billion and pay as much as $160 million in taxes annually.
  - Missouri's 360,000 students also work and spend money in their college and university communities.
- Higher education institutions commercialize some of the intellectual property developed in their research—which means they are working with established companies and assisting start-up businesses and entrepreneurs. Their research also contributes to advances in agriculture, health care, life sciences and technology development.
  - Lincoln University in Jefferson City offers local residents training to help them improve their job skills in computers, management and business, teacher training, nursing and health instruction.

BUSINESS PROFILE

The University of Missouri Research Reactor is the only facility in the nation that produces, on a daily basis, certain radioisotopes for use in cancer therapy. These isotopes are transferred to a local company, ABC Laboratories, which finishes the raw material into a pharmaceutical product. A radioisotope can be prepared at the research reactor on a Monday and be administered to a terminally ill patient on Tuesday, resulting in live-saving therapy to a patient.

TOURISM

College and university events, such as homecoming and commencement, bring visitors and additional revenue into Missouri communities.

- **An estimated 247,000 MU visitors come to Columbia each year, generating an additional $38.7 million in local spending.**

Missouri colleges and universities also train future tourism industry leaders.

- **Central Missouri State University's tourism program is one of only about a dozen American universities that offer bachelor's degrees in tourism studies.**
- **Maple Woods Community College offers a two-year tourism degree.**

FROM THE HEADLINES

"Graduates, businesses brace for weekend"

Columbia Daily Tribune
May 16, 2002
by Mary Jo Feldstein

"Hotels across Columbia for months have been booked to capacity for commencement weekend...

'We're sold out,' said Alison Castle of the Drury Inn."

AGRICULTURE

University Outreach and Extension, regional agricultural programs and regional research centers help farmers develop innovative practices to maximize profits and improve the quality of their products.

FROM THE HEADLINES

"Benefits of biotech are cited: Research has led to lower costs for farmers, consumers"

The Kansas City Star
Sept. 24, 2002
by Julius A. Karash

"Biotechnology is lowering production costs for farmers and food costs for consumers, an official with the National Center for Food and Agricultural Policy said...Leonard Gianessi, program director of the nonprofit group, quoted from a study that said biotechnology helps Kansas and Missouri farmers achieve an additional $133 million in annual income while using 5.3 million fewer pounds of pesticide."

Photo courtesy of Truman State University

MU Outreach and Extension programs offer unbiased, research-based information and education and advise new and traditional farmers on raising and marketing unfamiliar products.

- **Gov. Bob Holden designated "University Outreach and Extension Week" in May 2002 to honor the ways extension programs improve the health, income and communities of our citizens and the management and conservation of Missouri's resources.**

University of Missouri's Delta Research Center

- **Advises Bootheel farmers on increasing yields and eliminating pests**
- **Oversees agricultural research with global implications**

ENVIRONMENTAL PRACTICES

University researchers and students partner with regional and local organizations to help study environmental problems and develop better environmental practices.

FACULTY PROFILE

David Robertson
University of Missouri-St. Louis

David Robertson is a professor of political science at the University of Missouri-St. Louis and a fellow with Public Policy Research Centers.

During his involvement with the advisory board of the International Center for Tropical Ecology, Robertson assisted with the design of the graduate certificate in tropical ecology and the undergraduate certificate in conservation biology.

- **Financed by a Missouri Department of Natural Resources grant, Southwest Missouri State University faculty and students participated in the James River Basin Partnership by studying the river's pollution levels to provide data for clean-up efforts.**
- **The University of Missouri-Rolla received a "green" label from the International Organization for Standardization, which certifies environmentally friendly organizations. UMR is the first U.S. university to win the designation.**
- **University of Missouri-Columbia researchers and students tested a dust-settling compound that could reduce soil erosion by 50 percent or more, keeping water sources cleaner for drinking water and other uses. The work was part of a program financed by the Missouri Department of Natural Resources.**
- **Students in Maple Woods Community College's Geosciences Club take time twice a year to monitor a section of Shoal Creek and report changes in water quality to the state.**
- **Northwest Missouri State University saved more than $1 million last year by burning alternative fuels instead of natural gas.**

Photo courtesy of Missouri Western State College

HEALTH CARE SERVICES

University hospitals such as the University of Missouri Health Care System can improve citizens' health, train outstanding health-care professionals, apply new health-care discoveries and maximize the development of the life sciences research industry.

University of Missouri Health Care

- **Number-one provider of physicians and dentists in the state**

  UMKC students, faculty and staff volunteer to perform free dental exams and procedures for migrant worker families and residents of Kansas City shelters.
- **Only provider of optometrists in the state and region**
- **Major provider of pharmacists and allied health professionals**
- **Program to recruit rural students who will return to rural areas to practice medicine**
- **Care for patients from every county in the state**
- **University of Missouri Health Care and the Cancer Research Center partnered in September 2001 to research a cure for cancer.**
- **Increasing number of research projects funded by the National Institutes of Health**

Photo courtesy of Central Missouri State University

RESEARCH PROFILE

University of Missouri-Rolla

Delbert Day, a ceramic engineer and professor emeritus at the University of Missouri-Rolla, developed tiny glass beads used in revolutionary new techniques to relieve pain and extend lives. His treatment has been proven successful at eight U.S. cancer centers. Day owns the patent to the beads and opened his own company, Mo-Sci Corporation in Rolla, to manufacture them. The corporation is the only one like it in the country and employs more than 30 full- and part-time workers and exports products to 22 countries.

HEALTH CARE SERVICES (cont'd)

Statewide Nursing Shortage

- **The University of Missouri is the number-one provider of baccalaureate- and graduate-level nurses in the state.**
- **Ozarks Technical Community College's nursing program trains licensed practical nurses in three semesters.**
- **Shortages also exist in other health care occupations. In the August 18 issue of the St. Louis Post-Dispatch, Judith VandeWater reported that the Missouri Hospital Association also is concerned about a lack of medical technicians, pharmacists and laboratory scientists, among others.**

  'The real fear is that if we don't start to address this issue, health-care services may not be there when we need them to be,' said Mary Becker, a senior vice president of the Missouri Hospital Association. 'Patient care is not something we can deliver by machine.'

FROM THE HEADLINES

"Local Nursing Schools bucking national trend"

Springfield News-Leader
Sept. 13, 2002
by Jamie Shoop Bray

"While hospitals nationwide face a nursing shortage, nursing programs in Springfield, [Mo.,] are drawing healthy-sized classes."

With sufficient state resources, higher education can help deliver patient care - by promoting health care occupations and educating more students in health care fields.

Photo courtesy of Central Missouri State University

LIFE SCIENCES INITIATIVE

One of Gov. Holden's priorities is the development of a strategic plan to increase the state's competitiveness in the life sciences. Strong college and university partners are necessary to the success of this plan - Missouri needs them to become a leader in the life sciences industry.

Photo courtesy of Southwest Missouri State University

Broadly defined, life sciences is the study of living organisms or biological material. The application of knowledge derived from life sciences includes creating new products and developing knowledge-based innovations. Life sciences research leads to progress in health care, environmental practices and technology.

- **Examples of life science programs: agricultural sciences, conservation and renewable natural resources, engineering-related technology, pharmaceutical chemistry and paleontology and health profession studies.**

FROM THE HEADLINES

"Missouri's in middle in economic development"

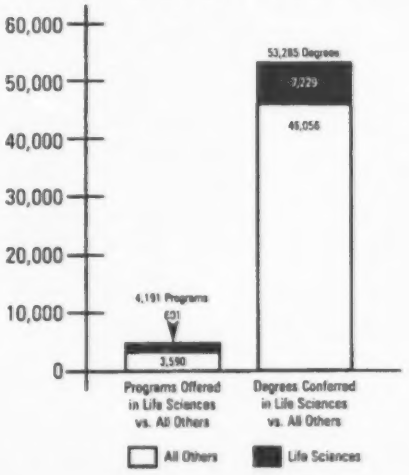
Southeast Missourian
June 11, 2002
by David A. Lieb

"The Progressive Policy Institute ranked Missouri 24th nationally in economic development in its June report.

The institute praised Missouri for targeting its life sciences efforts in St. Louis and Kansas City."

Life Sciences Programs and Certificates and Degrees Conferred, 2000-01

Missouri Public and Independent Institutions



LIFE SCIENCES INITIATIVE (cont'd)

During the December 2001 Governor's Conference on Higher Education, Dr. Walter Plosila, vice president of public technology management at the Battelle Memorial Institute, described the critical role of our colleges and universities in the state's life sciences initiative:

- **The key ingredients for building a critical mass in the life sciences are engaged universities with active leadership, intensive networking across sectors and with industry, and a workforce and talent pool on which to build and sustain efforts.**
- **Missouri needs to increase investment in higher education life sciences research efforts.**
- **The state also needs to increase the pipeline of students interested in pursuing opportunities in the life sciences.**

Dr. Walter Plosila, vice president of public technology management at the Battelle Memorial Institute

Graduates of Missouri Public Higher Education Institutions Working in Missouri's Life Sciences Industries in 2001

Life Sciences Industries	Number working in life sciences	Number with degrees from public institutions	Degree Level					
			Certificates	Associate Degree	Bachelor's Degree	Master's Degree	Doctoral Degree	First Professional Degree
Bio-Medical	168,847	9,056	823	3,875	3,298	721	10	329
Equipment and Instruments	4,788	18	1	1	14	2	0	0
Industrial	10,935	68	5	3	50	8	1	1
Food and Nutrition	9,129	42	2	3	32	3	2	0
Agri-Chemical	3,313	11	0	0	11	0	0	0
Research Services	12,739	412	2	25	309	57	12	7
TOTALS	**209,751**	**9,607**	**833**	**3,907**	**3,714**	**791**	**25**	**337**

- **As a percentage of total academic research and development, Missouri is the most specialized in the life sciences.**
- **Missouri is competitive in funding from the National Institutes of Health in per capita terms and in growth rate, but Missouri would be ranked 28th without Washington University.**
- **Developing Missouri into a leading midwest and national life sciences center will require:**
  - Investing significantly in the public research university base by focusing on core competencies;
  - Investing in the "technology infrastructure" that helps organize and connect industry and academia to build a critical mass of life sciences firms;
  - Addressing key issues in the business climate critical to growth of this industry, including tax policies, the availability of capital and a talent base for the future; and
  - Building Missouri's image as a center for the biosciences.
- **With the state-of-the-art facilities and equipment needed to support research, Missouri can attract and keep world-class researchers.**
- **With state and local investment, Missouri's colleges and universities can build the research infrastructure needed to secure additional federal research funding.**

FROM THE HEADLINES

"KC's life sciences initiatives: The search for funding.

Effo[illegible] to create 'Biomed Va[illegible]' in area reach c[illegible]oads"

The Kansas City Star
March 24, 2002
by Jeffrey Spivak and Julius A. Karash

"Since civic leaders launched a life sciences crusade three years ago, local universities and research institutions have brought in 70 percent more funding from the National Institutes of Health. That helped spur existing research."

"More support needed for KC life sciences"

The Kansas City Star
March 27, 2002
Editorial

"The Stowers Institute is trying to decide whether to build a second facility in Kansas City or outside the area. Stowers has delayed that decision a year to see if Missouri and Kansas can improve their universities."

"To function at its peak, Stowers needs well-trained scientists from such places as the University of Missouri-Kansas City and the University of Kansas. Each school has some strengths in this area, but both need more resources to make the life sciences initiative work."

"The life sciences initiative is not stalled, but it needs more support to ensure a bright biomedical future here."

WORKFORCE DEVELOPMENT

With a skilled workforce, Missouri can attract more new businesses to drive the state's economy. In its workforce development efforts, Missouri higher education is working to focus its energy and resources on some of the most promising industries.

- The Missouri Department of Economic Development identified information technology and life sciences as two target industries on which to focus their resources. According to DED, these areas comprise a significant portion of Missouri's gross state product and contribute indirectly to the employment of many other individuals. These two industries also are among the target areas for the Department of Higher Education's workforce development programs.

  - **Advantage Missouri Program**
    - This program grants student loan forgiveness to students in approved academic programs who gain employment in Missouri's high-demand occupational fields.
    - The first occupational clusters the Coordinating Board for Higher Education approved were related to computer technology, advanced manufacturing, and biomedicine and biotechnology.
    - Program approval criteria include contribution to state employment, potential contribution to long-term economic benefit for the state and a relationship to key state industries.
    - In FY 2002, the Advantage Missouri Program began funding renewal students only.

Postsecondary Technical Education

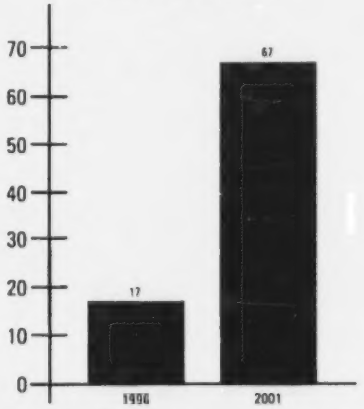
- **The State Plan for Postsecondary Technical Education, developed by the Coordinating Board for Higher Education in 1996, calls for increased geographic access to Missouri postsecondary technical education. The plan also aims to strengthen existing associate of applied science degrees, technical certificate programs and bachelor's degrees related to technical education.**

Regional Technical Education Councils

- **RTECs advise the community colleges in areas related to postsecondary technical education needs and programming. Returns on investment in RTECs so far:**

Communities in Which Postsecondary Technical Education is Offered

Missouri Public Institutions



Source: CBHE Survey

Photo courtesy of Linn State Technical College

FROM THE HEADLINES

"Developing the Workforce: It's a job that calls for widespread support"

Ingram's magazine
September 2002
by Rick Beasley, director of the Division of Workforce Development, Department of Economic Development

"Based on a Missouri Economic Research and Information report, nearly two-thirds of all jobs created by 2006 will require some training beyond high school. Last year, 47 percent of large employers reported that skilled workers were 'scarce,' indicating businesses are faced with the dilemma of finding enough qualified workers.

Employers are recognizing the obvious: skilled and trained workers make a real contribution to a company's bottom line and a state's global economic competitiveness.

The goal is to be globally prepared in the 21st century, with a highly skilled workforce for all employers. To achieve this goal will require actively engaged partnerships among the business community, educators (K-16), economic development professionals, community leaders and state government."

- Forty-eight area vocational-technical schools partner with community colleges;
- Sixty communities now offer one or more technical associate degrees;
- More than 100 community college technical certificate and associate of applied science degree programs transfer to four-year college and university technology bachelor degrees;
- Nearly 34,000 employees participate in employer-paid customized and contract training each year;
- Nearly 85 percent of technical certificate and associate degree program graduates find immediate employment in their field of training; and
- Graduates receive impressive average starting salaries after one or two years of education and training (approximately $22,700 to $31,800).

WORKFORCE DEVELOPMENT (cont'd)

- The Missouri Customized Training Program provides training assistance to companies to help train workers.
  - Twelve community colleges, one technical college and three four-year colleges administer the MCTP.
  - Missouri's institutions provide modern technology to provide a variety of up-to-date training.
- A study by the Information Technology Association of America states that demand for information and technology employees increased 27 percent from 2001 to 2002.
  - Nearly all of DeVry University's 2001 graduates were able to find jobs within six months of graduation.
  - DeVry's graduates in technology fields have reported starting salaries averaging more than $40,000.

Photo courtesy of Linn State Technical College

FROM THE HEADLINES

"UM honors tech innovation"

Columbia Daily Tribune
April 26, 2002
by Steve Friedman

"Over the past year and a half, the four [UM] campuses have seen patent applications increase from 33 to more than 90. Commercial license income in that same time has doubled to $3.9 million."

FACULTY PROFILE

Timothy Morgan
DeVry Institute of Technology

Timothy Morgan is an associate professor in the electronics and computer technology program at DeVry Institute of Technology in Kansas City.

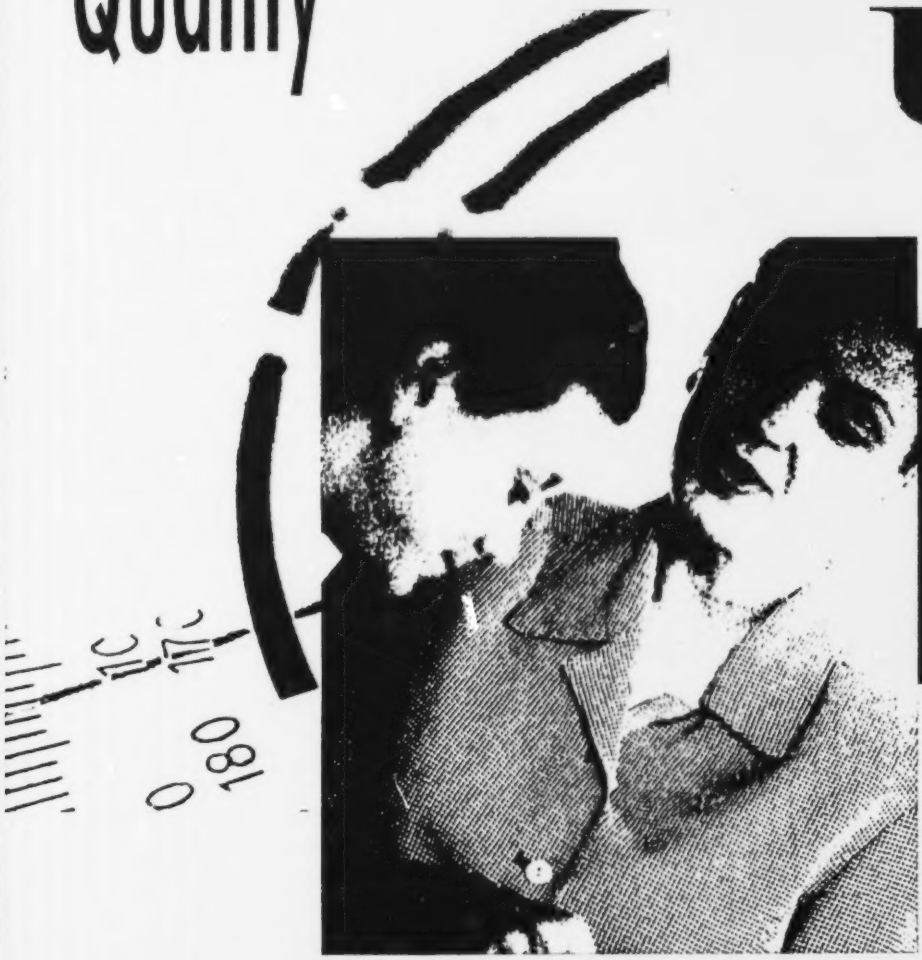
In addition to his teaching and advising duties, Morgan also participates in technology expos for area high school students interested in attending DeVry. To spark students' interest in the electronics field, he has assembled a robotics lab for demonstration at the expos.

At the July 2000 DeVry Faculty Symposium, Morgan received national recognition for his presentation on ways to increase usage of the library's resources for technical courses. He currently is pursuing his certification as a Cisco networking instructor, which would enable him to provide continuing education opportunities in the community.

Higher education is invaluable to the development of the state, but higher education institutions must maintain quality to retain that value. Higher education leaders are concerned about the impact of funding limitations on services, but realize they have a pro-active role to play and are seeking ways to meet the financial challenges while preserving the quality of Missouri higher education.

15

Quality



Under its Coordinated Plan, Missouri higher education is measuring performance in three key areas: economic growth, educational opportunity and achievement, and performance improvement.

Missouri higher education proves its value through measurement, reporting and continuous improvement of results; rapidly responding to the changing needs of students, parents and employees as well as citizens society at large; and collaboration.

Educational Policy, Planning and Improvement Center

- **This center has been created as a part of the Department of Higher Education to improve the department's performance, Missouri's postsecondary institutions and the public sector. The center is managed by existing department staff.**

To achieve results similar to those made through the Blueprint for Missouri Higher Education, (summarized in the 2000 annual report) higher education must have continued state investment.

- **Missouri Research and Education Network - MOREnet works through the Department of Elementary and Secondary Education, the State Library and the Coordinating Board for Higher Education to provide high-speed internet connections, training and technology support services to Missouri's K-12 schools, colleges and universities, libraries, state government and community information networks.**
  - Anticipating the economic downturn, MOREnet implemented a cost-containment strategy that has saved $3,970,000.
  - With sufficient state investment, MOREnet can increase distance-learning services, thereby helping to reduce duplication of services between institutions. MOREnet also could provide statewide network support for various life sciences initiatives.
- **MOBIUS - Public and independent institutions throughout Missouri use a common library platform to share print, electronic and multimedia resources among the students, faculty and staff of member institutions.**
  - Of the volumes available through MOBIUS, only 38 percent are held by more than one institution - proving this program's efficiency of resource sharing.
- **Missouri Learners' Network - The MLN is a web resource to distance-learning opportunities at all levels.**
  - Department of Higher Education staff have re-energized the DHE affiliation with the Missouri National Guard, resulting in increased collaboration and support.

Photo courtesy of St. Louis Community College at Meramec

Missouri's system of higher education offers a diverse array of choices to meet each student's unique interests and needs. Through the Coordinating Board for Higher Education's mission enhancement initiative, institutions strive to develop specialization, address the needs of their respective regions and emphasize partnerships.

- **33 public colleges and universities**
- **25 independent institutions**
- **Professional and technical institutions include theological, medical, chiropractic and art schools.**
- **More than 120 private career and proprietary schools are certified by the Coordinating Board to offer courses and programs in Missouri. These schools offer short-term training, certificate programs and two- and four-year degrees.**
  - The certification program ensures the legitimacy of programs and schools and the availability of financial and educational safeguards for students—instilling greater confidence in the quality and integrity of Missouri's proprietary and private career schools.
  - For calendar year 2001, enrollment in certified schools increased by 6 percent to a total of 60,188, with 37 percent of proprietary school students enrolled in degree programs. Minority enrollment comprised 26 percent of the total enrollment in proprietary schools, and the representation of African-Americans in the proprietary school sector continues to be significantly higher than in other higher education sectors.
  - The number of students that completed a program in 2001 was 24,632, a 5 percent increase since 2000. Approximately 7 percent of graduates continued their education, a slight increase from 2000. See page 32 for detailed data on certified schools.

COMMUNITY COLLEGES

Missouri's community colleges contribute to workforce development by providing high-quality, low-cost training and education to meet the needs of students, businesses and industry. The community colleges focus on four areas.

1. **Customized training helps workers upgrade their job skills.**
2. **Missouri New Jobs Training Program - Community college districts train new and expanding businesses financed through a withholding tax credit for the new employees.**
3. **Community colleges respond to the needs of area businesses and civic and community organizations.**
4. **The Regional Technical Education Consortium allows expansion of technical education to under- or unserved areas as well as development of new associate and certificate degree programs in high-demand job areas.**
   - Jefferson College's Business and Technology Center interfaces with the local Chambers of Commerce and government agencies to attract and retain industry. The college also works with businesses, local governments and other interested parties on events that could affect the economic development of the community.

PreK-16 EDUCATION

Higher education has been working with K-12 leaders to develop a PreK-16 educational system—one that encompasses learning from preschool all the way through postsecondary education.

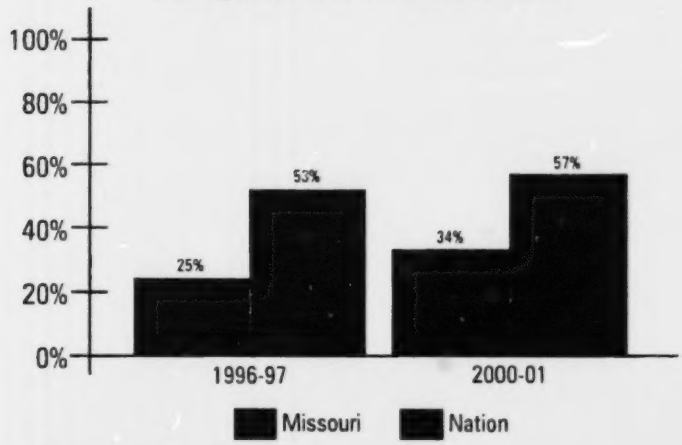
To be prepared for college, students must receive a sound education from preschool through high school graduation. The quality of Missouri's PreK-12 schools depends heavily on the quality of Missouri's system of higher education; our colleges and universities not only provide valuable services to PreK-12 schools, but also train tomorrow's PreK-12 teachers.

- **K-16 Coalition - In 1997, the Coordinating Board for Higher Education, the State Board of Education and the University of Missouri Board of Curators agreed to co-sponsor the Missouri K-16 Coalition to promote high standards and smooth transitions for all students.**
  - **The coalition's Task Force on Achievement Gap Elimination released its report in June 2002, stating that improving teacher quality is the most important factor in reducing achievement gaps among Missouri students. This can be achieved through a collaborative effort between school districts, colleges and universities that prepare teachers, state education departments, state government and Missouri citizens.**
    - Recognizing the interdependence of quality education and the success of Missouri's economy, Gov. Bob Holden established the Business Education Roundtable in March 2002 to recommend solutions for critical issues facing the state's public schools, including a statewide teacher shortage. Higher education representatives are working with K-12 and business leaders to address these issues.
    - "Important Missouri K-16 initiatives include [college and university] presidents and chancellors participating on State Board of Education site teams, reviewing teacher education programs for re-accreditation," said Sandra Kauffmann, CBHE Chair, in the September 2002 issue of Ingram's magazine.
    - Between academic years 1996-97 and 2000-01, the percentage of education students meeting the CBHE's admission criteria rose from 65 to 75 percent.
  - **As of June 2002, the Missouri Student Loan Program approved six of 11 teacher loan forgiveness applications, discharging a total of $27,142.**
  - **Higher education and K-12 administrators and teachers are working together to align high school and postsecondary mathematics curricula.**
    - Missouri Mathematics Academy - a joint effort between the Department of Elementary and Secondary Education, the Department of Economic Development and the United States Army to improve student performance in mathematics.
  - **Kansas City, Mo., School District-Higher Education Partnership - improves student learning and the delivery of higher education services to the students, faculty and administrators of the Kansas City, Mo., school district.**

PreK-16 EDUCATION (cont'd)

- **A+ Schools Program - High school graduates can receive two years of tuition, books and fees at designated Missouri community college or area vocational-technical schools. This program is made possible by state grants to qualifying students who graduate from A+ designated high schools.**
  - Ozarks Technical Community College officials attributed significant enrollment increases in part to the A+ program.
- **Advanced Placement - gives high-performing high school students an opportunity to experience collegiate courses and earn dual high school and college credit.**
  - While Missouri has made progress in advanced placement, the 2001 College Board report shows that the percentage of Missouri high schools offering AP programs still lags significantly behind the national average of 57 percent.

High Schools with Students Taking Advanced Placement Exams



Source: The College Board

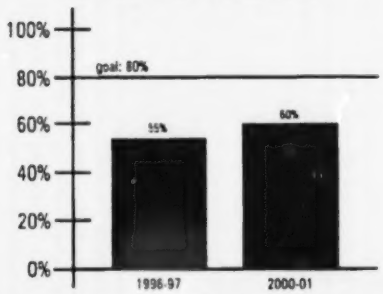
Photo courtesy of St. Louis Community College at Meramec

PreK-16 EDUCATION (cont'd)

- **Our institutions also work to improve PreK-12 education in their communities.**
  - When the Niangua school district was unable to find qualified teachers, Southwest Missouri State University staff at the Missouri Virtual School agreed to teach courses for Niangua students via virtual classroom equipment.
  - The Independence and Kansas City, Mo., school districts are employing senior education majors as interns and teaching fellows.
- **The success of one comprehensive PreK-16 education system depends heavily on higher education; a high-quality education begins with high-quality teachers who are trained in Missouri's colleges and universities.**
  - As tuition increases, student loan debt rises and teachers have difficulty staying in their profession.
  - Missouri teacher education graduates have improved their performance on state-mandated national exit examinations. We need to help these graduates stay in the teaching profession to ensure that our state's school systems have experienced, high-quality teachers.

Photo courtesy of Southwest Missouri State University

Teacher Education Graduates Meeting the CBHE Recommended Praxis II Exit Goal
Missouri Public Four-year Institutions

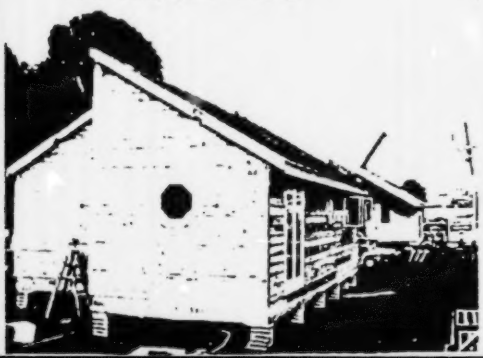


Note: Scoring at or above the 50th percentile
Source: Performance Indicators survey
Performance Funding

Higher education greatly influences the quality of tomorrow's workforce and citizenry. Every year the Department of Higher Education recognizes outstanding higher education faculty with the Governor's Award for Excellence in Teaching. These faculty provide their students with knowledge and expertise, and contribute to the community by lending their expertise and volunteer services to local companies, government agencies and non-profit organizations.

College and university students make important contributions as well - but is sometimes a struggle for them to afford the opportunity.

Photo courtesy of Crowder College



FACULTY PROFILE

Bennie Adams
St. Louis Community College at Forest Park

Bennie Adams, a mathematics professor at St. Louis Community College at Forest Park, has been teaching math for more than 40 years.

As part of his involvement with public schools in the area, Adams has lobbied members of the U.S. Congress to continue funding the Eisenhower Professional Development Program for public school mathematics teachers. He also has planned and presented workshops for St. Louis public school mathematics teachers and mathematics teachers i n the GEAR-UP INC! program. In addition, he is an advisor to the St. Louis public schools' High School Mathematics Textbook Adoption Committee.

Adams also secured a grant from the National Science Foundation to establish the Computer Science, Engineering, and Mathematics Scholarship Program, which provides scholarships to low-income, academically talented students majoring in computer science, computer techoology, engineering, engineering technology or mathematics. In addition, he developed and implemented a summer institute that enhances the science and mathematics skills of the scholarship recipients before they begin college.

Mary Curtis
Maryville University of Saint Louis

Mary Curtis is an assistant professor of nursing at Maryville University of Saint Louis, where she has taught since 1994.

Curtis demonstrates her belief that a teacher should be a role model by volunteering for Maryville's Mentoring Program and by serving as the faculty advisor for the Student Nurses Association. She is a member of the Maryville University Nursing Recruitment Committee and the Missouri Association for Adult Continuing and Community Education. Curtis also serves the community through her work with the City of Ellisville Human Rights Commission and by volunteering as the Holy Infant School nurse, an American Heart Association cardiopulmonary resuscitation instructor and a Girl Scout day camp nurse.

Educational Opportunity and Achievement

Every year it takes more and more of the average Missourian's income to cover college costs.

Students often have to borrow to cover the majority of their college costs, extending the time until they are able to buy a car or home—purchases that could put significant revenue back into their communities much sooner.

- **If a student borrowed $24,000 at a maximum interest rate of 8.25%, that student would need a minimum salary of $44,154 to pay off their loan in ten years. Since most new graduates don't make that much money, they would have to extend their loan repayment period.**

Research shows a direct correlation between state appropriations and tuition costs. According to the July 2002 issue of *Postsecondary Education OPPORTUNITY*, a typical pattern is that tuition is increased to offset declining state appropriations—especially in Missouri.

Measuring Up 2002

Affordability

	Missouri 2002	Top States 2002
Family Ability to Pay (50%)		
Percent of income (average of all income groups) needed to pay for college expenses minus financial aid:		
at community colleges	17%	16%
at public 4-year colleges/universities	22%	18%
at independent 4-year colleges/universities	47%	32%
Strategies for Affordability (40%)		
State grant aid targeted to low-income families as a percent of federal Pell Grant aid to low-income families	19%	108%
Share of income that poorest families need to pay for tuition at lowest priced colleges	12%	8%

Note: In the Affordability category, the lower the figures the better the performance for all indicators except for "State grant aid . . . as a percent of federal Pell Grant aid."

- **Five National Trends**
  1. **Increases in tuition have made colleges and universities less affordable for most American families.**
  2. **Federal and state financial aid to students has not kept pace with increases in tuition.**
  3. **More students and families at all income levels are borrowing more than ever before to pay for college.**
  4. **The steepest increases in public college tuition have been imposed during times of greatest economic hardship.**
  5. **State financial support of public higher education has increased, but tuition has increased more.**

(source: Losing Ground: A National Status Report on the Affordability of American Higher Education, May 2002)

Once students reach their college campus, many have difficulty meeting the costs of attaining their degree. Higher education leaders are concerned about affordability - for students to receive a quality higher education, they must be able to afford one.

"We want to make sure people who go through the preparation aren't excluded from participating in higher education because of affordability."

—Quentin Wilson,
commissioner of higher education

STUDENT PROFILE

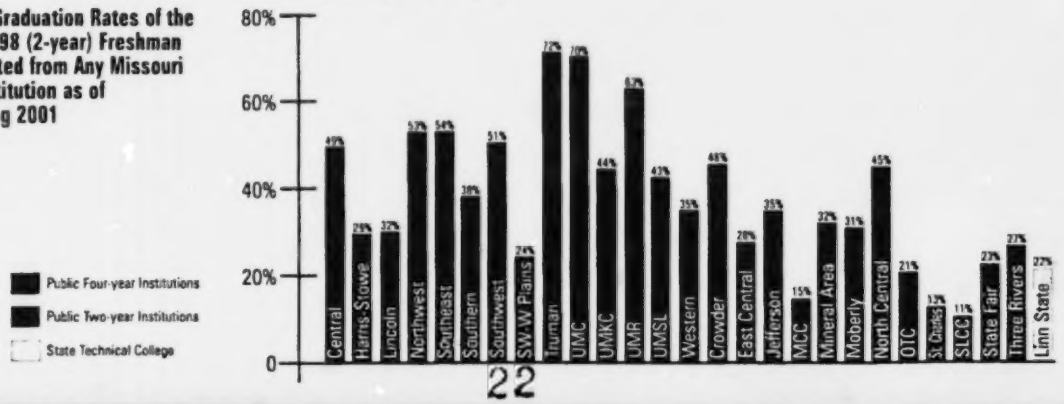
Anthony Myles
University of Missouri-St. Louis

Anthony Miles is a first-generation college student graduating from the University of Missouri-St. Louis in December 2002. He plans to return to school to obtain his certificate to teach English at the secondary level.

Myles financed his college career with a Federal Pell Grant, Charles Gallagher Grant and a Stafford Loan. He also worked part time for UPS while attending college. He says the financial aid information he's received has prepared him well to pay back his student loan.

- **The Missouri High School Graduates Performance Report**
  This report, prepared annually by the Missouri Department of Higher Education for the State Board of Education, tracks the academic preparation and college enrollment and success of Missouri public high school graduates.
  - **Promotes discussions between postsecondary institutions and high schools about the alignment of the high schools' course offerings with the institutions' admission and graduation requirements.**
  - **By the fall of 2001, 46 percent of the 1996 Missouri high school graduates who enrolled in the state's public four-year institutions had graduated, and approximately 10 percent were still pursuing baccalaureate degrees.**
  - **Of those Missouri high school graduates who enrolled in the state's community colleges in the fall of 1996, approximately 27 percent had received associate degrees or certificates by the fall of 2001, and one-fifth transferred to the state's public four-year institutions.**
- Many Missouri institutions now have freshmen courses or programs designed to help freshmen students adjust to college life and increase their chances of completing their degree.

Three- and Six-year Graduation Rates of the 1995 (4-year) or 1998 (2-year) Freshman Cohort Who Graduated from Any Missouri Public Institution as of Spring 2001



providing postsecondary assistance to Missouri families

MOSTARS

Missouri Student Assistance Resource Services
www.mostars.com

MOSTARS (Missouri Student Assistance Resource Services), the Department of Higher Education's student assistance division, provides postsecondary assistance to Missouri families. To promote educational opportunities beyond high school, MOSTARS administers state and federal student assistance programs and provides early awareness/outreach and default prevention/debt management services.

- MOSTARS administers approximately $440 million in state and federal financial aid (grants, scholarships and low-interest student loans) to 136,000 students annually.
- MOSTARS now has a program that funds loan default prevention programs for eligible Missouri postsecondary institutions with student loan cohort default rates in excess of 10 percent in federal fiscal year 1997 or 1998. Institutions may use the funds to pay for activities such as hiring a default management or student retention consultant or staff; developing, purchasing or leasing default management software; or initiating a new default prevention or student retention pilot program.
- Even though higher education improved in preparation for and participation in higher education since the 2000 report card, Missouri again received a D+ in affordability in Measuring Up 2002. If Missouri higher education is to improve in all areas, it must have the financial support necessary to do so.

Gaining Early Awareness and Readiness for Undergraduate Programs

- **GEAR UP, a MOSTARS program, is designed to help more low-income students and their families prepare academically and financially for success at postsecondary institutions.**
  - Efforts begin with middle school students
  - Missouri College Guarantee PLUS Scholarship - available to eligible students participanting in GEAR UP

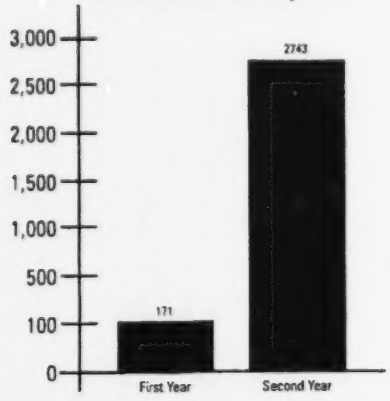
GEAR UP Participants Outcomes

Over a two-year period

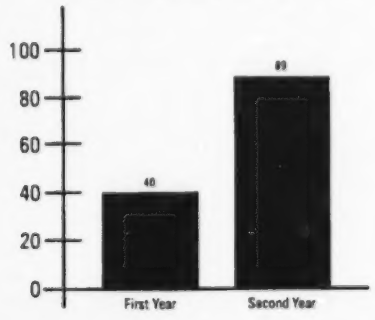
58% of participants made a "C" or better in mathematics
58% of participants made a "C" or better in English/language arts
54% of participants made a "C" or better in science

616 participants were enrolled in advanced mathematics, English/language arts and science
283 participants were enrolled in pre-algebra

GEAR UP Student Participants



GEAR UP Teachers Receiving Professional Development Training



STUDENT PROFILE

Kayla Keene
Drury University

Kayla Keene, a sophomore business administration major at Drury University, and her sister are first-generation college students in their family. Neither of Keene's parents attended college, and strongly encouraged their daughters to pursue higher education in order to increase their earning potential.

Keene said that MOSTARS was very helpful in informing her of available financial assistance. To pay for college, Keene receives a Missouri College Guarantee Award, a Charles Gallagher Award, a Federal Pell Grant, academic scholarships and a Federal Stafford Loan. She also lives at home to minimize expenses.

Keene works in Drury University's student financial aid office, and feels that college has provided her with valuable work experience she wouldn't have had otherwise. She expects to graduate in May 2005 with a bachelor of arts degree in business administration.

Ed Wheeler
Longview Community College

Ed Wheeler first began his college education 20 years ago during active military service. Due to the demands of his military career, he wasn't able to complete his degree at that time. Wheeler is currently backing classes as a sophomore at Longview Community College, majoring in accounting. He plans to transfer to Central Missouri State University to pursue his bachelor's degree and then possibly a graduate degree and certification as a public accountant.

Wheeler first became aware of his options for paying for college through MOSTARS informational materials in Longview's financial aid office and at MOSTARS information fairs. Wheeler, a 37-year-old husband and father of three, pays for his college education through a Federal Pell Grant and Federal Stafford Loan. He also is applying for several scholarships. In addition, he works part time in the community as well as 17 hours a week on campus to meet his work-study requirements.

MOSTARS is dedicated to helping students borrow wisely and complete their degrees. The return on students' investments benefits the entire state - in the form of economic growth, a more active citizenry and community development.

Looking Ahead to a Prosperous Future

Missouri higher education improves the state as a whole and enhances the quality of life for Missouri citizens.

- **Higher education attainment reduces unemployment rates and increases earning potential—providing Missouri businesses with a skilled workforce and bringing more revenue into Missouri communities.**

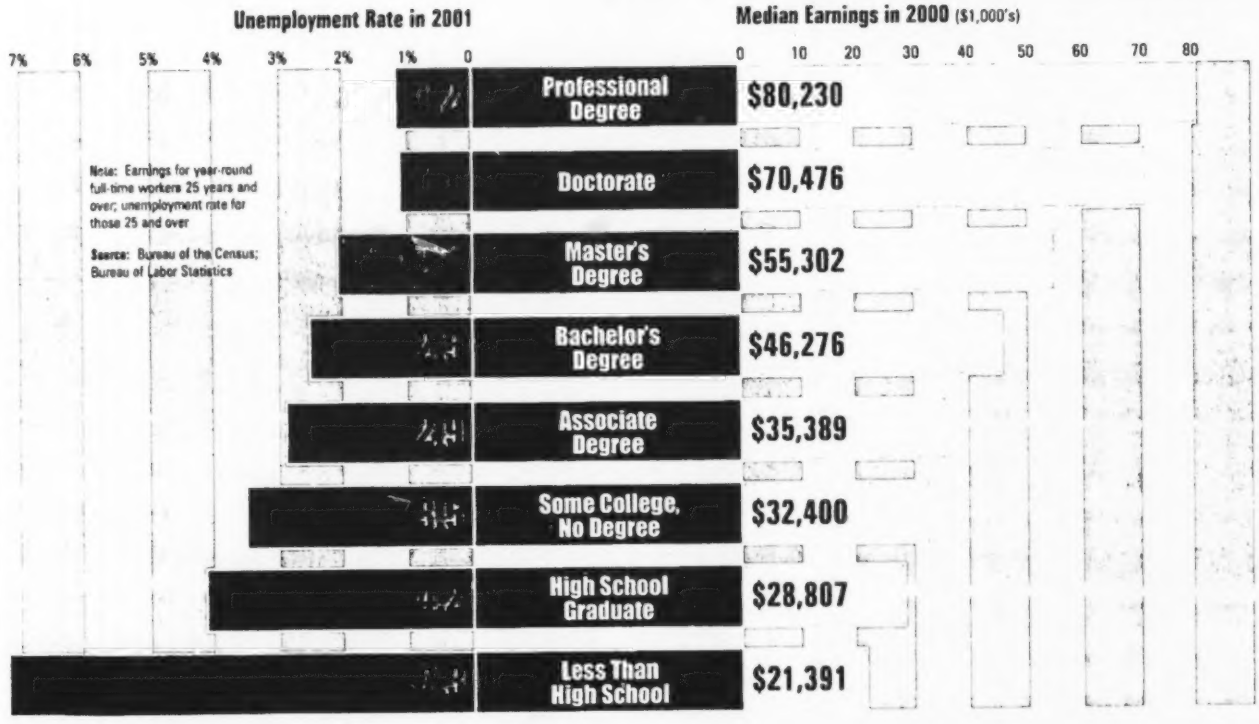
STUDENT PROFILE

Sharon Tweet

When the manufacturing company Sharon Tweet worked for dissolved, she lost her job—and got a better one. Tweet took advantage of Missouri's Workforce Investment Act, which helps pay tuition for employees who lose their jobs and wish to pursue higher education.

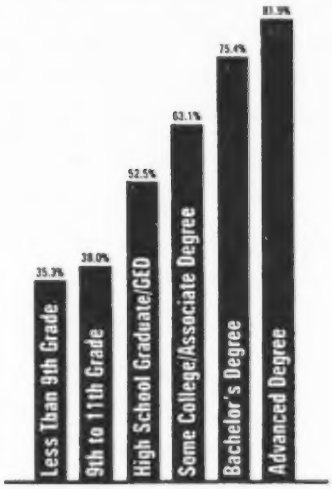
After losing her job, Tweet attended the Missouri Welding Institute to become certified as a master pipefitter. The MWI is a proprietary institution certified to operate by the Missouri Department of Higher Education. Tweet graduated early from MWI's 18-week program, and within a week she had secured employment as a welder, earning twice the salary of her previous job.

Without the additional training she received, Tweet says it's doubtful she would have been able to find a higher-paying job.



- Higher education is an investment in our local, state and national governments—college-educated citizens are more likely to vote in elections at all levels of government.
- College and university research and services contribute to law enforcement efforts and state and national security.
  - **Missouri Southern State College's crime lab helps investigators by analyzing crime-scene evidence - especially helpful with the rise in Missouri's meth production. Missouri Southern's lab serves 40 agencies in nine Southwest Missouri counties and five Kansas agencies, and has a normal turnaround time of 42 days in providing test results in a typical meth case - compared to a common turnaround time of 60 to 90 days for most state labs.**
  - **A Missouri State Highway Patrol satellite crime lab at Southwest Missouri State University serves the Green County Sheriff's Department.**
  - **University of Missouri-Columbia researchers partnered with U.S. Army engineers to work on developing terrorism safety measures such as portable devices that can rapidly decontaminate rooms infected with anthrax or other deadly viruses.**
  - **Funded by the U.S. Department of Defense, Southwest Missouri State University scientists collaborated with a Rolla, Mo. company to work on sensors that would warn U.S. soldiers and civilians of chemical and biological contamination.**
- Colleges and universities enhance communities' civic and cultural opportunities
  - **The Missouri Campus Compact is a statewide coalition of university and college presidents dedicated to helping students develop the values and skills of civic participation through involvement in public service. The compact currently has 26 member institutions.**
  - **Missouri's higher education institutions enable students and members of the community an to attend cultural and educational programs which they otherwise might not be able to experience.**
    - Truman State University's Distinguished Visiting Scholars Program, suspended due to funding limitations, was implemented to bring a variety of scholars (including speakers, artists, musicians and researchers) to the Truman campus. Truman's Mission Enhancement initiative funded the program, which includes two visiting scholars each semester. Interaction with the visiting scholars includes undergraduate or graduate class time, interaction with the faculty and a public lecture.
    - Truman State University also organizes the Kohlenberg Lyceum Series, which brings cultural experiences to the university's rural community. Each year the university invites a selection of performing arts and entertainment groups to perform on campus. Over the years the Lyceum Series has featured a wide variety of programs such as the Preservation Hall Dixieland Band, St. Petersburg State Ice Ballet, Maya Angelou and the Saint Louis Symphony.

Voting Rates for Citizens in the 2000 Presidential Election by Educational Attainment



Source: U.S. Census Bureau

Photo courtesy of University of Missouri-Columbia

Missouri's colleges and universities are the economic, educational and cultural centerpieces of our communities. The 360,000 students served are the future citizenry, employees and leaders of our state. We must ensure their success tomorrow by investing in them today.

Funding

In consultation with the heads of the institutions of higher education affected and against a background of carefully collected data on enrollment, physical facilities, manpower needs, [and] institutional missions, the Coordinating Board for Higher Education shall establish guidelines for appropriation requests by those institutions of higher education.

Section 173.005.2(2) RSMo

Each fiscal year, the Coordinating Board submits funding requests to the governor and the Missouri General Assembly for the Department of Higher Education, the public two-year and four-year colleges and universities, student financial assistance, and other programs administered by the Coordinating Board.

Higher Education Operating Budget

	FY 2002 Appropriation		FY 2002 Expense	FY 2003 Appropriation	
Coordination					
Coordination Administration	$1,302,093		$883,222	$990,891	
Proprietary School Regulation	224,928		170,738	196,942	
Proprietary School Bond	100,000	E	0	100,000	E
Midwestern Higher Education Commission	82,500		82,500	82,500	
Missouri Learners' Network	50,000		15,952	410,800	
Contracting for Academic Programs	250,000		76,046	0	
State Anatomical Board	3,069		2,569	3,069	
Eisenhower Professional Development Program	1,775,225		951,809	1,775,225	
Federal Grants and Donations	0		0	2,000,000	
MOSTARS					
Grant and Scholarship Programs					
Grant and Scholarship Administration	417,207		295,078	348,198	
Missouri Higher Education Academic Scholarship Program	15,787,000		15,459,227	15,787,000	
Charles Gallagher Student Financial Assistance Program	17,553,436		17,125,138	16,628,436	
Advantage Missouri Program	2,185,000		1,452,094	1,060,000	
Missouri College Guarantee Program	10,385,000		10,384,955	8,460,000	
Public Service Officer or Employee's Child Survivor Grant Program	45,000		37,354	45,000	
Vietnam Veteran's Survivor Grant Program	15,000		9,020	12,000	
Marguerite Ross Barnett Memorial Scholarship Program	550,000		484,973	500,000	
Missouri Student Loan Program					
Missouri Student Loan Program Administration	12,721,347		9,140,993	13,202,407	
GEAR UP Program	1,808,722		746,922	1,754,612	
E-Gov	1,394,400		1,136,238	1,385,400	
Federal Loan Compliance	5,000,000	E	3,638,180	5,000,000	E
Collection Payments	8,000,000	E	9,220,187	8,000,000	E
Missouri Student Loan Program Revolving Fund	70,000,000		51,719,517	85,000,000	
Tax Refund Offset Program	750,000	E	97,808	750,000	E
Public Two-Year Institutions					
State Aid to Community Colleges ($2 m WP-TANF)	105,985,081		86,686,797	95,386,572	
Workforce Preparation Projects	19,821,112		16,317,884	17,839,001	
Postsecondary Technical Education Plan	24,925,000		20,197,406	22,387,500	
Out-of-District Instructional Programs	1,430,566		1,160,781	1,287,509	
Community College Tax Refund Offset	250,000	E	274,059	250,000	E
Linn State Technical College	5,240,528		4,227,892	4,719,475	
Public Four-Year Institutions					
Harris-Stowe State College	11,334,249		9,558,143	10,208,324	
Missouri Southern State College	21,421,501		17,686,967	19,286,851	
Missouri Western State College	21,981,789		18,170,640	19,791,110	
Central Missouri State University	61,850,221		51,125,357	55,672,699	
Southeast Missouri State University	50,378,899		41,676,929	45,348,509	
Southwest Missouri State University	89,291,251		74,069,879	80,369,626	
Northwest Missouri State University	32,287,737		26,664,764	29,066,464	
Truman State University	46,862,660		38,644,004	42,183,894	
Lincoln University	19,695,117		16,257,495	17,373,105	
University of Missouri	460,652,843		378,816,342	411,347,559	
University of Missouri Health Programs					
Hospital and Clinics	9,679,635		7,854,184	8,911,671	
Ellis Fischel Cancer Center	4,581,985		3,717,885	4,223,786	
Missouri Rehabilitation Center	10,907,435		8,850,440	10,116,591	
Missouri Institute of Mental Health	2,555,389		2,073,476	2,299,650	
Alzheimer's Program	252,639		145,309	227,375	
Missouri Kidney Program	4,463,082		3,621,406	4,016,774	
MOREnet	12,968,625		10,522,913	10,216,571	
MOBIUS	649,539		649,539	649,539	
State Historical Society	1,025,112		831,790	922,601	
State Seminary Fund	1,750,000		1,376,418	1,750,000	
Spinal Cord Injury	0		0	375,000	
TOTAL	$1,172,641,972		$964,309,219	$1,079,345,536	

Capital Improvements Budget

Since FY 1994, state appropriations for capital improvement projects at public two- and four-year institutions have totaled nearly $705 million. These appropriations have underwritten projects at all public four-year institutions and, beginning with the FY 2000 budget, all public two-year colleges.

The FY 2001 capital improvement appropriation included over $140 million for higher education capital projects. FY 2001 capital funding for the public two-year institutions has been released for all but two projects. However, most of the FY 2001 higher education capital appropriations for the public four-year institutions and Linn State Technical College continue to be withheld. The FY 2001 projects withheld were reappropriated for FY 2002 and FY 2003, but have remained unfunded, with the exception of $1 million for the Life Sciences building at the University of Missouri-Columbia, $1.7 million for the Pharmacy and Nursing building at the University of Missouri-Kansas City and $150,000 for the elevator project at Harris-Stowe State College.

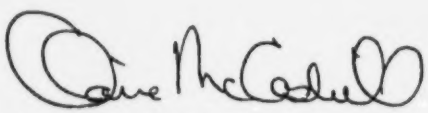
Even though the FY 2001 capital funding remains in question, the Coordinating Board proceeded with its annual capital budget recommendation process for FY 2002. Due to a continued budget shortfall, no funding was appropriated for higher education capital in FY 2002.

Independent Auditor's Report on the Financial Statements

We have audited the accompanying financial statements of the various funds of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2001, as identified in the table of contents. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State Guaranty Student Loan Program as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Claire McCaskill

State Auditor

A complete report may be obtained upon request.

Missouri Student Loan Program
Combined Balance Sheet
June 30, 2001

Exhibit a	SPECIAL REVENUE FUNDS				AGENCY FUND	ACCOUNT GROUPS		
	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund	Restricted Reserve Fund	Restricted Interest Fund	Automatic Transfer of Money (ATOM) fund	General Fixed Asset Account Group	General Long-Term Debt Account Group	TOTAL (Memorandum Only)
ASSETS AND OTHER DEBITS								
Cash	$26,959,151	$6,970,923	$25,937,336	$2,052,239	$147,694	$0	$0	$62,067,343
Due from federal government								
Reinsurance	5,078,246	0	0	0	0	0	0	5,078,246
Loan processing and issuance fee	0	212,180	0	0	0	0	0	212,180
Account maintenance fee	0	463,542	0	0	0	0	0	463,542
Due from other funds	1,784,758	1,196,830	0	3,177	0	0	0	2,984,765
Guarantee fees receivable	12,452	0	0	0	0	0	0	12,452
Loan recoveries receivable	255,098	0	0	0	0	0	0	255,098
Interest receivable	3,309	856	3,177	258	0	0	u	7,600
Other receivables	0	113,729	0	0	53,643	0	0	167,372
Allowance for default aversion rebate	300,000	0	0	0	0	0	0	300,000
Fixed assets	0	0	0	0	0	769,365	0	769,365
Accumulated depreciation	0	0	0	0	0	(510,906)	0	(510,906)
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	0	138,422	138,422
TOTAL ASSETS AND OTHER DEBITS	**$34,393,014**	**$8,958,060**	**$25,940,513**	**$2,055,674**	**$201,337**	**$258,459**	**$138,422**	**$71,945,479**
LIABILITIES, EQUITY, AND OTHER CREDITS								
Liabilities								
Accrued payroll	0	63,871	0	2,587	0	0	0	66,458
Employee fringe benefits payable	0	18,429	0	779	0	0	0	19,208
Accounts payable	1,994,343	173,094	0	8,585	1,231	0	0	2,177,253
Obligation under capital lease	0	0	0	0	0	0	41,158	41,158
Accrued leave liability	0	0	0	0	0	0	97,264	97,264
Default aversion rebate allowance	0	300,000	0	0	0	0	0	300,000
Deferred federal advances	1,874,831	0	0	0	0	0	0	1,874,831
Due to federal government	0	0	25,937,336	0	0	0	0	25,937,336
Due to other funds	1,195,683	1,775,656	3,177	0	10,249	0	0	2,984,765
Due to schools	0	0	0	0	77,635	0	0	77,635
Due to lenders	0	0	0	0	112,222	0	0	112,222
TOTAL LIABILITIES	**$5,064,857**	**$2,331,050**	**$25,940,513**	**$11,951**	**$201,337**	**0**	**$138,422**	**$33,688,130**
EQUITY AND OTHER CREDITS								
Investment in fixed assets	0	0	0	0	0	258,459	0	258,459
Fund balance	29,328,157	6,627,010	0	2,043,723	0	0	0	37,998,890
TOTAL EQUITY AND OTHER CREDITS	**$29,328,157**	**$6,627,010**	**$0**	**$2,043,723**	**$0**	**$258,459**	**$0**	**$38,257,349**
TOTAL LIABILITIES, EQUITY, AND FUND BALANCE	**$34,393,014**	**$8,958,060**	**$25,940,513**	**$2,055,674**	**$201,337**	**$258,459**	**$138,422**	**$71,945,479**

Missouri Student Loan Program
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2001

Exhibit b	SPECIAL REVENUE FUNDS				
	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund	Restricted Reserve Fund	Restricted Interest Fund	Total (Memorandum Only)
Revenues					
Federal Reimbursements					
Reinsurance	24,885,317	0	0	0	24,885,317
Loan processing and issuance fee	0	2,244,746	0	0	2,244,746
Account maintenance fee	0	1,813,004	0	0	1,813,004
Tax refund reimbursements/closed school	0	332,702	0	0	332,702
Interest income	2,002,414	517,884	1,219,895	99,110	3,839,303
Loan recoveries	2,694,468	24,125,211	0	0	26,819,679
Miscellaneous	0	8,405	0	0	8,405
TOTAL REVENUES	$29,582,199	$29,041,952	$1,219,895	$99,110	$59,943,156
Expenditures					
Personal service	0	1,481,320	0	50,054	1,531,374
Employee fringe benefits	0	438,152	0	15,106	453,258
Expense and equipment	0	6,411,193	0	638,029	7,049,222
Defaulted loan purchases	45,136,235	0	0	0	45,136,235
Collection agency fees	0	3,509,186	0	0	3,509,186
Payments to federal government	0	0	6,484,334	0	6,484,334
Other	0	6,175	0	0	6,175
TOTAL EXPENDITURES	$45,136,235	$11,846,026	$6,484,334	$703,189	$64,169,784
Revenues Over (Under) Expenditures	($15,554,036)	$17,195,926	($5,264,439)	($604,079)	($4,226,628)
Other Financing Sources (Uses)					
Operating Transfers					
In	17,018,865	2,562,688	6,484,334	1,219,895	27,285,782
Out	(8,941,007)	(17,019,965)	(1,219,895)	0	(27,180,867)
Appropriations exercised by other state agencies	0	(122,219)	0	0	(122,219)
Revenues and Other Financial Sources Over (Under) Expenditures and Other financing Sources (Uses)	($7,476,178)	$2,616,430	$0	$615,816	($4,243,932)
FUND BALANCE, JULY 1	$36,804,335	$4,010,580	$0	$1,427,907	$42,242,822
FUND BALANCE, JUNE 30	$29,328,157	$6,627,010	$0	$2,043,723	$37,998,890

Missouri Student Loan Program
Statement of Appropriations and Expenditures
Year Ended June 30, 2001

Exhibit c	Appropriations	Expenditures	Lapsed Balances
GUARANTY AGENCY OPERATING FUND			
Personal service/Expense and equipment	$11,937,643	$8,495,430	$3,442,213
FEDERAL STUDENT LOAN RESERVE FUND			
Purchase of defaulted loans, Payment of default aversion fees, reimbursement to federal government, and investment of funds of the Federal Student Loan Reserve Fund	85,000,000	44,633,447	40,366,553
RESTRICTED INTEREST FUND			
Personal Service/Expense and Equipment	1,401,801	676,911	724,890
TOTAL ALL FUNDS	$98,339,444	$53,805,788	$44,533,656

Statistics

The Coordinating Board shall collect the necessary information and develop comparable data for all institutions of higher education in the state.

Section 173.005.2(7) RSMo

Total Headcount Enrollment at Public Institutions

Fall 1981 and Fall 1997 to Fall 2001

INSTITUTION	Fall 1981	Fall 1997	Fall 1998	Fall 1999	Fall 2000	Fall 2001
Four-Year Colleges						
Harris-Stowe	1,242	1,716	1,735	1,752	1,835	1,921
Missouri Southern	4,330	5,485	5,547	5,651	5,785	5,899
Missouri Western	4,259	5,124	5,182	5,157	5,089	5,102
Subtotal	**9,831**	**12,325**	**12,464**	**12,560**	**12,709**	**12,922**
Regional Universities						
Central	9,887	10,320	10,763	10,894	10,936	10,822
Northwest	5,000	6,280	6,294	6,462	6,442	6,625
Southeast	9,122	8,231	8,487	8,863	8,948	9,348
Southwest	14,833	16,468	16,794	17,388	17,703	18,252
SMSU - West Plains	528	1,320	1,369	1,397	1,525	1,653
Subtotal	**39,370**	**42,619**	**43,707**	**45,004**	**45,554**	**46,700**
Statewide Liberal Arts University						
Truman	6,978	6,421	6,439	6,236	6,111	6,005
1890 Land-Grant University						
Lincoln	2,689	3,041	3,214	3,347	3,347	3,332
1862 Land-Grant University						
UM-Columbia	24,774	22,552	22,780	22,930	23,309	23,667
UM-Kansas City	11,752	10,444	10,610	11,518	12,698	12,969
UM-Rolla	7,555	4,976	4,918	4,715	4,626	4,883
UM-St. Louis	12,390	15,575	15,880	15,594	15,397	14,993
Subtotal	**56,138**	**53,009**	**53,841**	**54,340**	**55,488**	**55,849**
PUBLIC FOUR-YEAR COLLEGE AND UNIVERSITY TOTAL	**115,339**	**117,953**	**120,012**	**121,904**	**123,751**	**125,471**
Community Colleges						
Crowder	1,155	1,744	1,750	1,856	1,719	2,012
East Central	2,040	3,239	3,050	3,209	3,190	3,462
Jefferson	2,538	3,963	3,971	3,997	3,876	3,899
Blue River	N/A	N/A	N/A	N/A	2,095	2,294
Longview	4,749	7,905	8,091	8,198	6,022	5,792
Maple Woods	2,596	4,680	5,042	5,076	5,294	5,045
Penn Valley	5,354	3,949	4,495	4,277	4,366	4,376
Mineral Area	1,469	2,567	2,581	2,582	2,702	2,878
Moberly	983	2,043	2,293	2,606	2,938	3,269
North Central	536	1,244	1,375	1,319	1,402	1,348
Ozarks Technical	N/A	5,129	5,317	5,922	6,343	7,571
St. Charles County	N/A	5,045	5,416	5,526	5,565	6,171
St. Louis Community College at Florissant Valley	11,740	7,050	7,121	7,045	6,690	6,924
St. Louis Community College at Forest Park	7,650	6,072	5,872	6,456	6,749	6,930
St. Louis Community College at Meramec	11,572	12,656	12,713	13,248	12,518	12,296
State Fair	1,588	2,217	2,309	2,790	3,207	3,355
Three Rivers	1,524	2,412	2,315	2,556	2,641	2,812
Subtotal	**55,494**	**71,915**	**73,711**	**76,663**	**77,317**	**80,434**
State Technical College						
Linn State	N/A	757	739	757	753	814
Public Institution Total	**170,833**	**190,625**	**194,462**	**199,324**	**201,821**	**206,719**

Total Headcount Enrollment at Independent Institutions

Fall 1981 and Fall 1997 to Fall 2001

INSTITUTION	Fall 1981	Fall 1997	Fall 1998	Fall 1999	Fall 2000	Fall 2001
Four-Year Colleges and Universities						
Avila	1,974	1,246	1,270	1,438	1,412	1,644
Central Methodist	671	1,296	1,267	1,260	1,231	1,279
College of the Ozarks	1,560	1,563	1,488	1,429	1,404	1,395
Columbia	2,225	7,435	8,050	8,002	7,948	8,564
Culver-Stockton	644	994	943	870	821	821
Drury	2,805	3,805	3,882	4,235	4,370	4,243
Evangel	1,886	1,616	1,631	1,564	1,538	1,570
Fontbonne	882	2,054	1,984	2,076	2,060	2,192
Hannibal-LaGrange	434	1,086	1,026	1,139	1,104	1,099
Lindenwood	1,916	4,788	5,184	5,847	6,056	6,446
Maryville	1,688	3,055	3,057	3,060	3,055	3,162
Missouri Baptist	438	2,395	2,716	2,974	2,806	3,105
Missouri Valley	482	1,404	1,527	1,570	1,549	1,577
Park	3,037	8,395	8,591	8,469	9,224	9,482
Rockhurst	3,299	2,792	2,862	2,955	2,727	2,730
Saint Louis	9,324	14,229	14,253	14,062	13,873	13,522
Southwest Baptist	1,510	3,593	3,708	3,634	3,593	3,564
Stephens	1,262	819	773	788	771	669
Washington	10,855	11,606	12,035	12,088	12,118	12,187
Webster	5,197	11,756	11,853	12,826	13,783	15,402
Westminster	714	654	716	686	679	770
William Jewell	1,746	1,518	1,471	1,500	1,442	1,369
William Woods	838	1,279	1,509	1,318	1,479	1,659
Subtotal	55,387	89,378	91,796	93,790	95,043	98,451
Two-Year Colleges						
Cottey	N/A	305	272	279	311	328
Kemper*	122	338	232	203	*	*
Wentworth	232	314	355	347	292	312
Subtotal	354	957	859	829	603	638
Independent Institution Total	55,741	90,335	92,655	94,619	95,646	99,089
STATE TOTAL	226,957	280,960	287,117	293,943	297,467	305,808

N/A indicates that data are not available.

***Figures in fall 1999 are from the IPEDS EF, Fall Enrollment form. As of fall 2000, Kemper was no longer offering postsecondary programs.**

NOTE: Figures may vary from previous reports due to updates.

Enrollment

In the fall of 2001, headcount enrollment totaled 206,719 at Missouri's public colleges and universities and 99,089 at Missouri's independent institutions. The total headcount enrollment at the state's public and independent institutions in 2001 represents an increase of 8.8 percent, from 280,960 in 1997 to 305,808 in 2001.

Degrees Conferred by Public Institutions
FY 2001

INSTITUTION	CERTIFICATES*	ASSOCIATE'S	BACHELOR'S	MASTER'S	DOCTORATES	FIRST PROF.	OTHER**	TOTAL
Four-Year Colleges								
Harris-Stowe	0	0	128	0	0	0	0	128
Missouri Southern	0	174	607	0	0	0	0	781
Missouri Western	19	56	673	0	0	0	0	748
Subtotal	19	230	1,408	0	0	0	0	1,657
Regional Universities								
Central	0	50	1,540	[illegible]	[illegible]	0	12	2,047
Northwest	11	0	977	202	0	0	21	1,211
Southeast	3	19	1,180	253	0	0	29	1,484
Southwest	0	0	2,225	573	0	0	28	2,826
SMSU - West Plains	24	176	0	0	0	0	0	200
Subtotal	38	245	5,922	1,473	0	0	90	7,768
Statewide Liberal Arts University								
Truman	0	0	1,229	113	0	0	0	1,342
1890 Land-Grant University								
Lincoln	0	61	306	86	0	0	0	453
1862 Land-Grant University								
UM-Columbia	0	0	3,716	1,004	278	315	36	5,349
UM-Kansas City	0	0	1,081	712	76	344	71	2,284
UM-Rolla	0	0	685	366	42	0	0	1,093
UM-St. Louis	0	0	1,777	545	33	45	56	2,456
Subtotal	0	61	8,794	2,826	429	704	163	12,977
PUBLIC FOUR-YEAR COLLEGE AND UNIVERSITY TOTAL	57	536	16,124	4,299	429	704	253	22,402
Community Colleges								
Crowder	92	201	0	0	0	0	0	293
East Central	381	303	0	0	0	0	0	684
Jefferson	151	456	0	0	0	0	0	607
Longview	41	489	0	0	0	0	0	530
Maple Woods	100	385	0	0	0	0	0	485
Penn Valley	168	362	0	0	0	0	0	530
Mineral Area	28	328	0	0	0	0	0	356
Moberly	80	310	0	0	0	0	0	390
North Central	44	210	0	0	0	0	0	254
Ozarks Technical	108	479	0	0	0	0	0	587
St. Charles County	21	384	0	0	0	0	0	405
St. Louis Community College at Florissant Valley	51	478	0	0	0	0	0	529
St. Louis Community College at Forest Park	111	426	0	0	0	0	0	537
St. Louis Community College at Meramec	77	817	0	0	0	0	0	894
State Fair	79	335	0	0	0	0	0	414
Three Rivers	43	321	0	0	0	0	0	364
Subtotal	1,575	6,284	0	0	0	0	0	7,859
State Technical College								
Linn State	67	197	0	0	0	0	0	264
PUBLIC INSTITUTION TOTALS								
2001	1,699	7,017	16,124	4,299	429	704	253	30,525
2000	1,716	6,775	16,164	4,077	402	706	210	30,050
1999	1,902	6,677	15,961	4,160	369	737	158	29,964
1998	1,836	6,808	15,648	4,048	426	630	148	29,544
1997	2,435	5,833	15,302	4,257	404	633	135	28,999
1996	2,682	6,199	14,992	4,098	379	670	193	29,213

Degrees Conferred

During FY 2001, a total of 53,994 degrees were conferred by Missouri colleges and universities. Missouri's public colleges and universities conferred 30,525 degrees; the independent colleges and universities conferred 23,469.

The total number of degrees conferred by Missouri public and independent colleges and universities has increased from 49,196 in 1997 to 53,994 in 2001, an increase of nearly 9.8 percent.

Degrees Conferred by Independent Institutions
FY 2001

INSTITUTION	CERTIFICATES*	ASSOCIATE'S	BACHELOR'S	MASTER'S	DOCTORATES	FIRST PROF.	OTHER**	TOTAL
Four-Year Colleges and Universities								
Avila	1	0	183	43	0	0	0	227
Central Methodist	0	2	287	3	0	0	0	292
College of the Ozarks	0	0	244	0	0	0	0	244
Columbia	0	559	1,579	41	0	0	0	2,179
Culver-Stockton	0	0	175	0	0	0	0	175
[illegible]	0	148	566	116	0	0	0	830
Evangel	0	3	[illegible]	[illegible]	[illegible]	[illegible]	0	320
Fontbonne	2	0	330	271	0	0	0	603
Hannibal-LaGrange	0	25	133	0	0	0	0	158
Lindenwood	0	0	609	720	0	0	0	1,329
Maryville	0	0	506	143	0	0	0	649
Missouri Baptist	5	1	170	3	0	0	0	179
Missouri Valley	0	1	148	0	0	0	0	149
Park	0	211	1,969	51	0	0	0	2,231
Rockhurst	6	0	364	227	0	0	0	597
Saint Louis	37	1	1,376	670	144	355	18	2,601
Southwest Baptist	2	80	393	328	0	0	0	803
Stephens	0	12	114	11	0	0	0	137
Washington	0	0	1,408	1,284	175	326	4	3,197
Webster	6	0	1,029	4,340	9	0	10	5,394
Westminster	0	0	123	0	0	0	0	123
William Jewell	7	0	258	0	0	0	0	265
William Woods	0	0	267	334	0	0	0	601
Subtotal	66	1,043	12,545	8,585	328	681	32	23,283
Two-Year Colleges								
Cottey	0	117	0	0	0	0	0	117
Wentworth	0	69	0	0	0	0	0	69
Subtotal	0	186	0	0	0	0	0	186
INDEPENDENT INSTITUTION TOTALS								
2001	66	1,229	12,548	8,585	328	681	32	23,469
2000	74	1,246	12,483	8,416	324	660	32	23,235
1999	143	1,259	11,739	7,970	307	714	33	22,165
1998	143	1,278	12,007	7,344	353	701	45	21,871
1997	152	1,273	11,632	6,607	323	693	33	20,713
1996	158	1,327	11,043	6,418	310	708	19	19,983
STATE TOTALS								
2001	1,765	8,246	28,672	12,884	757	1,385	285	53,994
2000	1,790	8,021	28,647	12,493	726	1,366	242	53,285
1999	2,045	7,936	27,700	12,130	676	1,451	191	52,129
1998	1,979	8,086	27,655	11,392	779	1,331	193	51,415
1997	2,587	7,106	26,934	10,864	727	1,326	168	49,712
1996	2,840	7,526	26,035	10,516	689	1,378	212	49,196

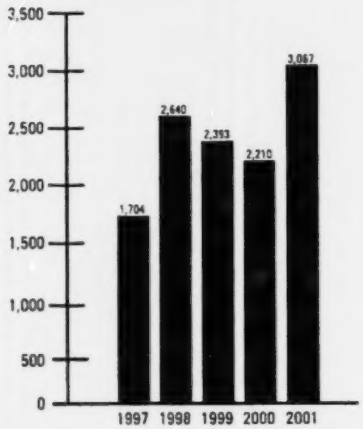
***includes less than one-year, less than two-year, and less than four-year certificates**

****includes post-baccalaureate and post-master's degrees**

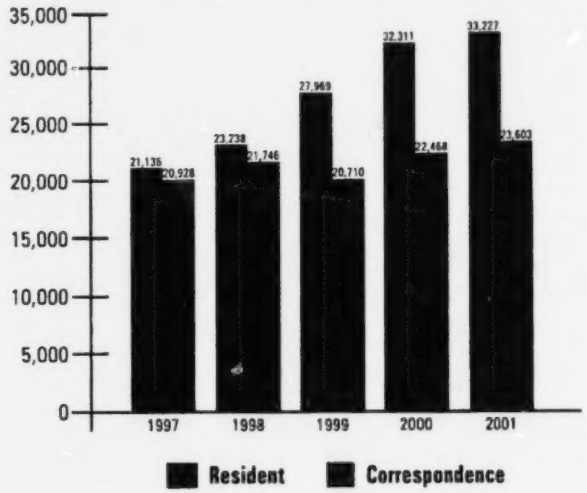
NOTE: Linn State is included in totals beginning in 1996

Total Enrollment at Certified Schools

Non-Missouri Degree-Granting Schools

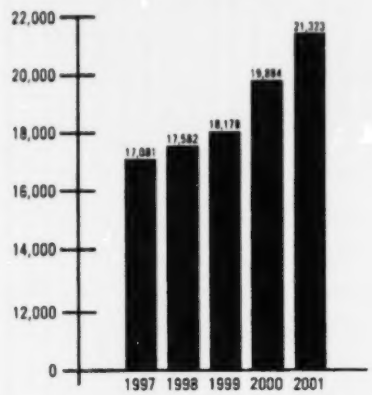


Missouri Private Career Schools

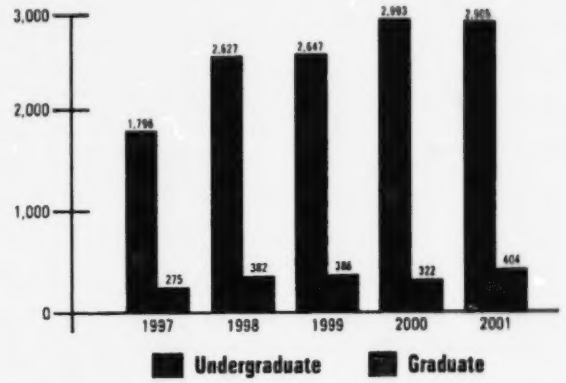


Completions at Certified Schools

Certificates Awarded



Degrees Awarded



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